

AMENDMENTS TO THE CLAIMS

1. (currently amended). A method comprising:
- a) providing:
 - i) a registered member,
 - ii) at least one higher education account,
 - iii) ~~a network of~~ at least one registered merchants offering a rebates ranging from 1% to 30% to said registered member, and
 - iv) a rebate network manager, wherein said ~~network of~~ at least one registered merchants ~~are~~ is registered with said rebate network manager,
 - b) calculating ~~said~~ a rebate on a each purchases made by said registered member from said at least one registered merchant, wherein said rebate network manager monitors sales by said registered merchants to determine if said sales are to said registered member, ~~and~~ wherein said calculating step is performed by said rebate network manager utilizing a computer processor configured to calculate said rebate based on an existing formula wherein said rebate ranges from 1% to 30% for each transaction, wherein said rebate network manager then debits the account of the merchant, and wherein said computer processor is located at location other than the location of the merchant; and
 - c) crediting said at least one higher education account with said rebate, wherein said rebate is provided by said at least one registered merchant.

2 (canceled).

3 (canceled).

4 (previously presented). The method of Claim 1, wherein said at least one higher education account is stored in a computer memory area and said computer processor is connected to said higher education account via a computer network.

5 (previously presented). The method of Claim 1, wherein said crediting step is performed by a computer processor configured to credit said at least one higher education account.

6 (previously presented). The method of Claim 1, wherein said higher education accounts are selected from the group consisting of a student loan payment account, an educational IRA, a college fund savings account, and a college charitable contribution account.

7 (previously presented). The method of Claim 1, further comprising step
d) managing said at least one higher education account.

8 (previously presented). The method of Claim 1, wherein said crediting step further comprises crediting said higher education account with an amount equal to or less than said rebate.

9 (cancelled).

10 (cancelled).

11 (previously presented). The method of Claim 1, wherein said rebate network manager debits said merchant and credits said higher education account.

12 (previously presented). The method of Claim 1, wherein said purchases are made via a credit card.

13 (previously presented). The method of Claim 1, wherein said purchases are made on-line.

14 (previously presented). The method of Claim 1, wherein said purchases are made on-site.

15 (previously presented). The method of Claim 1, further comprising providing a tracking entity, wherein said tracking entity tracks said purchases and said rebates.

16 (previously presented). The method of Claim 1, further comprising providing a registration organization, wherein said registration organization receives a portion of said rebate.

17 - 23 (canceled).

24 (currently amended). A system comprising:
a network of registered merchants offering rebates;
a memory device comprising member higher education accounts;
a rebate network manager having a computer processor configured to monitor sales by said registered merchant to determine if said sales are to a registered member, calculate a rebate of from 1% to 30% based on an existing formula for a purchase by said registered member from said registered merchant and to credit said member higher education accounts with proceeds from said rebate, wherein said memory device and said computer processor are connected via a computer network, and wherein said computer processor is located at location other than the location of the merchant and said network of registered merchants are registered with said rebate network manager.

25 (previously presented). The system of Claim 24, wherein said higher education accounts are selected from the group consisting of a student loan payment account, an educational IRA, a college fund savings account, and a college charitable contribution account.

26 (previously presented). The system of Claim 24, wherein said rebate is from about 1% to 30% of the price of said purchases.

27 (previously presented). The system of Claim 24, wherein said purchases are made via a credit card or debit card.

28 (canceled)

29 (previously presented). The system of Claim 24, wherein said rebate network manager tracks said purchases by correlating a registered credit or debit card number with said purchases.

30 (previously presented). The system of Claim 24, wherein said purchases are tracked by tracking entity in communication with a rebate network manager.

31 (previously presented). The system of Claim 24, wherein said rebate on purchases is provided by an on-line merchant.

32 (previously presented). The system of Claim 24, wherein said rebate on purchases is provided by an on-site merchant.

33 (currently amended). A system comprising:
a memory device; and
a computer processor in communication with said memory device, said computer processor configured to receive a credit from a rebate network manager and place the credit in a higher education account stored in said memory device, wherein said rebate network manager monitors sales by a network of registered merchants to determine if said sales are to a registered member to determine the amount of said credit for sales to a registered member, wherein said credit is from 1% to 30%, and wherein said computer processor is located at location other than the location of the merchant and said registered merchant is registered with said rebate network manager.

34 (previously presented). The system of Claim 33, wherein said higher education accounts are selected from the group consisting of a student loan payment account, an

educational IRA, a college fund savings account, and a college charitable contribution account.

35 - 48 (canceled).

49. (New) A method comprising:

- a) providing:
 - i) a registered member,
 - ii) a network of at least one registered merchant offering rebates ranging from 1% to 30% to said registered member, and
 - iii) a rebate network manager, wherein said network of registered merchants are registered with said rebate network manager,
- b) calculating said rebate on purchases made by said registered member from said at least one registered merchant, wherein said rebate network manager monitors sales by said registered merchants to determine if said sales are to said registered member and wherein said calculating step is performed by said rebate network manager utilizing a computer processor configured to calculate said rebate, and wherein said computer processor is located at location other than the location of the merchant; and
- c) crediting an educational account with said rebate;
- d) using said educational account to pay down education loans and/or debt.

REMARKS

Claims 1, 4-8, 11-16, 24-27, and 29-34 are pending in the present application. Claim 49 is new. Claims 1, 24, and 33 have been amended. Support for the amendments may be found in the specification at p. 21, lines 1-4 and lines 7-11, and page 22, lines 11-20, among other places. These amendments have been made in order to further the business interests of the applicants and in no way constitute an admission that the claims as originally filed are not patentable. Applicants reserve the right to prosecute the claims as originally presented in a future continuing application. Finally, while new arguments

are presented below, Applicants reassert their previously made arguments in order to reserve them for appeal, if necessary.

Applicants thank the Examiner for the interview of March 13, 2007. The Interview Summary sent by the Examiner correctly states the substance of the interview.

A. The claims are not anticipated

The claims stand rejected as anticipated by Fernandez-Holman, U.S. Pat. No. 5,787,404 (the '404 patent). Applicants respectfully submit that the claims are not anticipated by the '404 patent.

Independent Claims 1, 24, 33, and 49 each require a registered merchant registered with a Rebate Network Manager and further specify that the rebates offered by the registered merchants can range from 1% to 30%. In contrast, the '404 patent does not teach merchants registered with a Rebate Network Manager of merchants offering rebates ranging from 1% to 30%.

With respect to the claim element of registered merchants, Applicants recognize that the Rebate Network Manager can be a credit card issuer as indicated at page 6 of the Office Action. The '404 patent states in two places that their methods and systems do not encompass "registered merchants." At Column 2, lines 15-21, the '404 patent teaches: "It is still further object of the present invention to provide such a system which gives the consumer automatic rebate-funded payments into his investment account which do not need to be repaid and which are based on purchase of goods or services made by the consumer, and which is not dependent on merchants or stores becoming members of the particular rebate plan." Column 3, third full paragraph further reiterates this point, providing: "The vast credit card network already in commercial use allows the present invention to be implemented without requiring merchants to become members in a separate rebate program, and the invention is thus transparent to the merchants and is managed only by the credit card issuer." It is clear that the claimed "registered merchants" are not the "subscribers" of the '404 patent as alleged by the Examiner at page 6 of the Office Action. The term "subscriber merchants" in the '404 patent is a misnomer as merchants do not take any proactive step to participate in the rebate program as described in the '404 patent. The '404 systems and methods are

designed to be automatic for all merchants accepting a particular credit card. In contrast, the present claims encompass systems and methods where particular merchants choose to be part of a rebate plan and register with a Rebate Network Manager. The '404 patent does not anticipate the present claims because the '404 patent does not teach, and indeed, discourages systems where the merchant must register to be a part of the rebate plan.

With respect to the claim element of merchants offering rebates, the '404 patent teaches that it is the **credit card issuer that offers the rebate** (rather than the merchant). As taught at column 2, line 62 – column 3, line 4 of the '404 patent:

The method comprises the steps of establishing a credit based account with a credit card issuer for the benefit of a credit card holder, providing a long term investment account with a financial institution for the benefit of the credit card holder, ascertaining the total amount of money charged by the credit card holder in subscriber merchants in a particular period of time, and **providing a rebate by the credit card issuer to the credit card holder** by funding the investment account of the credit card holder with a **predetermined percentage of said total amount so ascertained**.

This is an important distinction because in the system of the '404 patent, the rebates are not coming from the merchants, but from the credit card issuer, for example from transaction and processing fee revenues generated by the credit card issuer as well as other revenues generated from the customer's credit card account. Since almost all merchants accept MasterCard and Visa cards, if the '404 patent is applied utilizing a MasterCard or Visa card, almost all transactions utilizing the subject credit card would generate a rebate regardless of the particular merchant involved. The claimed systems and methods, however, involve the active registration and participation of merchants (both in-store and on-line) where the merchant agrees to provide a rebate of x% on purchases made by participating members. Those rebate percentages can vary by merchant and may also vary on differing products offered by the same merchant. The systems taught in the '404 patent do not allow this flexibility because the rebates come from the credit card issuer, not the merchant. Thus, the claims are not anticipated because the '404 patent does not teach the claim element of merchants offering rebates.

With respect to the claim element of rebates ranging from 1% to 30% for each transaction, the '404 patent teaches that the rebate is predetermined percentage of a total amount of purchases over a given period of time. (Column 2, line 62 – column 3, line 4 of the '404 patent, reproduced above). Thus, the rebate offered by the credit card issuer in the '404 patent cannot vary between transactions with merchants as required by the present claims. This also highlights the distinction between merchants offering a rebate and a rebate offered by solely by the credit card issuer. When the credit card issuer offers a rebate, it is the same for all transactions with any merchant, when the merchant offers the rebate the rebate can vary from merchant to merchant. The claims are not anticipated because the '404 patent does not teach a system where the rebates can range from 1% to 30% for each transaction. In contrast, the rebates of the '404 patent are a fixed amount on cumulative purchases over a set period of time, as opposed to a per transaction basis. As indicated in the Interview, this limitation distinguishes the claims over the '404 patent.

The Examiner further states that no patentable weight is given to “higher education account” because this is a nonfunctional or ineffectively claimed purpose. Office Action, p. 7. As a threshold matter, Applicants are confused by the Examiner’s citation of the MPEP. Section 2106.01 refers to written description, best mode and enablement issues for computer programs, while Section 2112.01II refers to the properties of chemical compositions. In any event, Applicants refer the Examiner to the specification where a definition for the claim element “higher education account” is provided:

As used herein, the term “higher education account” refers to a financial account that is used to fund or pay for post-high school (*i.e.*, post-secondary) education or contribute to a higher education institution (*e.g.*, college, university, or trade school). Examples of higher education accounts include, but are not limited to student loan payment accounts, educational IRAs, college fund savings accounts, college charitable contribution accounts, and state 529 accounts. Funds may be held in the accounts (*e.g.*, to collect interest) before being transferred to a higher educational institution or student loan creditor.

As indicated, a higher education account is used to pay for post-high school education or contribute to a higher education institution. This is a concrete limitation that must be given effect. As the Examiner well knows, the patentee can be his own lexicographer

and in this application, the applicants have clearly defined the term used to claim their invention. There is no basis for not giving the term patentable weight. The Examiner further states that “the spending of the account is not claimed.” First, as just described, the definition of higher education account specifies that the account is used to pay for post-high school education or contribute to a higher education institution. Thus, the definition specifies the spending of the account. Second, Applicants have submitted new claim 49 for the Examiner’s consideration, which contains step d) using said educational account to pay down education loans and/or debt. Thus, in claim 49, the spending of the account is directly claimed.

B. Declaration evidence

In the interview, the Examiner and applicants discussed the fact that Applicants had previously established some of the secondary consideration of nonobviousness. The Examiner indicates in the Interview summary that he would have to reconsider the secondary considerations in light of any new prior art. Applicants do not agree with this position. Under Graham, obviousness analysis requires: A) Determining the scope and content of the prior art; B) Ascertaining the differences between the prior art and the claims in issue; C) Resolving the level of ordinary skill in the art; and D) Evaluating evidence of secondary consideration of nonobviousness. MPEP 2414I. Thus, absent some change in the scope and content of the prior art, the Examiner’s previous determinations should stand. For example, in the current Office Action, the Examiner recognized that “the most telling evidence that the invention satisfies a long-felt need and has the potential to be commercially successful is that it has three, apparently viable, competitors, all whom first launched substantive websites over a brief period in 2000-2001. The three competitors are Upromise, Babymint, and EdExpress (Mulrean, which has hyperlinks to the three websites).

The ‘404 patent does not change this analysis. The merchant Declarations submitted with Applicants previous response established that:

[T]here is no other system previously or currently available in which a merchant such as myself can directly offer a purchase incentive such as a rebate on total purchases that is administered by a Rebate Network Manager like CCI, Inc. The TuitionFund system offers substantial advantages over coupon based incentive

systems and incentive systems offered directly by manufacturers. First, the system operates in the background so my retail sales employees do not have to accept and process coupons presented by customers. Second, the system is easy for customers to participate in because they do not have to save and present coupons or mail-in rebates. Third, the system allows a merchant such as myself to directly develop customer loyalty to retail sales outlets without relying on manufacturer incentives and without relying on the manufacturer to honor offered incentives. Fourth, the system allows rebates on total purchases of multiple products as opposed to rebates on particular products from a particular manufacturer.

Further, as indicated by the merchants, there was a high level of enthusiasm for the claimed system by consumers they had contact with.

The commercial success of the system is established by the high level of participation from both consumers and merchants, as well as the success of the competitors as noted by the Examiner in the current Office Action. As established in the Thompson Declaration, during the trial of the system:

[O]ver 9000 customers, 236 brick and mortar merchants and 645 on-line merchants registered with TuitionFund. This strong response over a short period of time certainly indicates the success of the system and the need for such a system.

In order to establish nonobviousness by the secondary considerations, there must be a nexus between the factors and the claimed invention:

To be pertinent to the issue of nonobviousness, the commercial success of devices falling within the claims of the patent must be flow from the functions and advantages disclosed or inherent in the description in the specification.

In re Vamco Machine & Tool, Inc., 752 F.2d 1564, 224 USPQ 617 (Fed. Cir. 1985). Such a nexus is clearly established in the present case as the advantages and solutions identified in the Declarations are directly linked to the claimed invention, and in particular to the claimed use of the rebate network manager in conjunction with a network of merchants offering rebates as opposed to manufacturers offering rebates.

This nexus is just as relevant to the '404 patent, alone or in combination with any of the other cited prior art. As detailed above in the discussion of anticipation, the '404

patent a) provides rebates from credit card issuers, not merchants themselves; b) calculates the rebate on accumulated purchases over a period of time as opposed rebates on each purchase; c) provides only a fixed rebate as opposed to a range of rebates; and d) applies to all merchants accepting a particular credit card, as opposed to merchants that are registered to be in the program. These differences establish that the '404 rebate system is fundamentally different from the claimed system, which is merchant driven with the rebates coming from the merchant. The claimed system is flexible and transparent to the merchants, allowing the merchants to determine the rebate amount offered. Thus, there is a nexus between claimed advantages and the success/long felt need of the present invention and that nexus is directly related to advantages over the system of the '404 patent.

Applicants have also taken the opportunity to submit a second declaration for inventor Michael Thompson. This declaration contains three letters from current or former University Presidents and Chancellors: Dr. David Carter, Chancellor of the Connecticut State University System and former member of the Board of Directors of the American Association of State Colleges and Universities; Dr. Jonathan Brown, President of the Association of Independent California Colleges and Universities and former member of the National College Cost Commission, I-529 Board of Directors, Chair of EdFund, and the planning group for college costs at the recent National Summit on Higher Education; and Dr. William Troutt, President of Rhodes College and former Chairman of the National Commission on the Costs of Higher Education.

As stated by each of these three distinguished gentlemen, the cost of higher education is a serious and unresolved problem. The claimed program allows families to meet the gap in funding for paying for college, start saving for college, and supplement other savings for college with little extra effort as indicated in the attached letter. This is an important consideration because the need was for alternative ways to cover the gap in funding or to simply start saving any money for college, not pay for all costs associated with college. No other program allowed for a convenient method to do this that is transparent to the merchants offering the rebates. As stated by Dr. Troutt, this serves a great need.

As a result, Applicants also disagree with the Examiner's conclusory statement that it would be common and therefore obvious to write checks from a long-term investment account. Office Action page 7. The Declaration evidence and the secondary considerations of nonobviousness strongly contrast with the Examiner's unsupported viewpoint. The letters attached to the second Thompson Declaration are from individuals who are intimately familiar with the costs and funding of higher education. The Examiner is respectfully reminded that the invention must be examined as a whole. According to evidence in the Declaration, it is not obvious to use funds accumulated by the claimed methods and systems to pay for higher education.

The time horizons for both saving for college education and expending the amounts for college education are generally significantly shorter than the time horizon for saving and expending funds for retirement as taught in the '404 patent. Parents saving for their children's college education normally have their children entering college while the parents are between the ages of 40 and 55; which is 10-25 years earlier than most of them retire. Second, the parents or individuals generally need a larger portion of their own savings for a college education as employers generally do not subsidize employee's or their children's college education like they do with an employee's future retirement via defined benefit pension plans or 401(k) plans with employer-provided matching contributions. This is in part why the claimed methods and systems allows members to register more than one credit card to participate in the plan and why registered merchants are requested to grant rebates from 1 to 30% so that the claimed program can generate more funds over a shorter period of time for the family's educational needs vs. utilizing just a single card in which the card issuer is offering a rebate of generally between ¼ to 2% as outlined in the '404 patents. Third, the time horizon in which the funds are utilized are substantially different; college educational expenditures are generally made over a 4 to 6 year period, while disbursement from a tax qualified retirement account (IRA, 401(k), etc.) for a person's retirement are generally made over a minimum of 10 years to the remaining lifetime of the person.

Moreover, given the high cost of a college education, a number of families and/or students often incur student loans obligations to complete their education. According to the National Center for Education Statistics, a division of the U.S. Dept. of Education, at

least 65% of students or their families borrow funds for college education. Experian, a credit ratings company, estimated that the average outstanding student loan balance for 2006 college graduates with student loans was \$14,379. Also, student loan debt generally cannot be eliminated via a personal bankruptcy. Therefore, a component of the claimed methods and systems is the ability to apply rebates to student loan obligation accounts. The '404 patent makes no reference to rebates being used to pay off student loan obligations. Also, given the high cost of a college education, many of registered members or their families will likely be saving the rebates prior to the student entering college in tax advantaged Coverdell ESA's or QTP's and upon graduation they will be utilizing their rebates earned to pay off student loan obligations. That is why, in part, the claimed methods and systems provides for both tax-qualified education savings accounts and student loan payment accounts.

Finally, funding college education from traditional retirement accounts (eg. IRA's and 401(k)'s) as argued by the Office in Paragraph 27 has significant adverse tax consequences relative to funding college education with tax-qualified QTP's and Coverdell ESA's (Educational IRAs) as claimed. Contributions to QTP's and Coverdell ESA's earn income and dividends tax-free as do IRA's and 401(k)'s. However, QTP's and Coverdell ESA's benefit from a significant distinction in that distributions from QTP's and Coverdell ESA's to pay qualified education expenses are tax-free while distributions from IRA's and 401(k)'s to pay qualified education expenses are subject to ordinary income tax (in which the federal marginal tax rates can be as high as 35% plus state income taxes). Also, withdrawals from an IRA or a 401(k) to pay college expenses may subject all or a portion of such withdrawal to an additional 10% early withdrawal penalty. The 10% early withdrawal penalty for IRA's and 401(k)'s is calculated by first calculating what the IRS defines as "qualified education expenses" which generally encompasses tuition, fees, books and supplies along with room and board if the student is at least a half-time student. Then distributions from Coverdell ESA's and tax-free scholarships are subtracted from "qualified education expenses" to arrive at "adjusted qualified education expenses." If the amount withdrawn from an IRA or 401(k) exceeds the "adjusted qualified education expense" the amount of such excess amount would be subject to the 10% early withdrawal penalty. Often a person withdrawing funds from

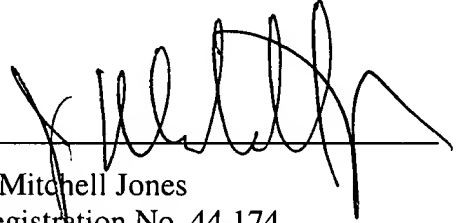
their IRA or 401(k) has to withdraw more than the amount needed to fund the “adjusted qualified education expense” amount since they must withdraw amounts to also pay the ordinary income tax on the withdrawal, thereby subjecting at least a portion of the IRA or 401(k) withdrawal also to the 10% withdrawal penalty. Therefore, educational IRAs as currently claimed not only benefit generally from tax-free withdrawals when used to pay qualified education expenses, they also are applied before IRA or 401(k) withdrawals in determining whether the IRA or 401(k) withdrawal is subject to the 10% early withdrawal penalty. Therefore, funding college education via retirement accounts such as traditional IRA’s and 401(k)’s as proposed by the Office in Paragraph 27 has significant adverse tax consequences to the individual relative to the type of accounts proposed in the current claims.

CONCLUSION

All grounds of rejection of the Office Action of January 19, 2007 have been addressed and reconsideration of the application is respectfully requested. It is respectfully submitted that Applicant's new claims should be passed into allowance. Should the Examiner believe that a telephone interview would aid in the prosecution of this application Applicant encourages the Examiner to call the undersigned collect at (608) 218-6900.

Dated: _____

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